

AMENDED IN ASSEMBLY APRIL 19, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2677

Introduced by Assembly Member Ridley-Thomas

February 20, 2004

An act to add Chapter 12 (~~commencing with Section 679.8~~) 10.27 (*commencing with Section 672*) to Part 1 of Division 1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2677, as amended, Ridley-Thomas. ~~Insurance Auto insurance: toll-free telephone number cost estimates.~~

Under existing law, the Insurance Commissioner generally regulates *automobile* insurers. ~~Under existing law any person who engages in any unfair method of competition or any unfair or deceptive act or practice, as defined, is liable to the state for a civil penalty, as specified.~~

~~This bill would require every insurer licensed to sell residential property insurance or personal auto insurance to maintain a toll-free telephone number available to consumers in the State of California, except as specified. The bill would require each insurer to provide this toll-free telephone number to the Department of Insurance and to make this toll-free number available to the consumer by maintaining a listing in the toll-free telephone directory. The toll-free number would either provide the caller with a quote for the requested insurance coverage or refer the caller to an insurer representative, insurance agent, or insurance broker who would provide a quote for the requested coverage. This bill would provide that a violation of these provisions~~

~~would be an unfair and deceptive act or practice in the business of insurance.~~

This bill would require an insurer licensed to sell personal automobile insurance to provide consumers with a cost estimate for its lowest priced personal automobile insurance policy at the limits the consumer has requested and for which the consumer is eligible. It would require an insurer to meet this requirement by maintaining a toll-free telephone number or an Internet Web site, as specified. The bill would require an insurer to provide the toll-free number or the Internet Web site address to the commissioner, and would require the commissioner to make this information available on the department's Internet Web site and through the department's consumer toll-free telephone line.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Chapter 12 (commencing with Section 679.8) is~~
2 *SECTION 1. Chapter 10.27 (commencing with Section 672)*
3 *is added to Part 1 of Division 1 of the Insurance Code, to read:*

4
5 *CHAPTER 10.27. AVAILABILITY OF COST ESTIMATES*
6

7 *672. (a) Every admitted insurer or insurer group licensed to*
8 *sell personal automobile insurance, as described in Section 660,*
9 *shall provide consumers with a cost estimate for its lowest priced*
10 *personal automobile insurance policy at the limits the consumer*
11 *has requested and for which the consumer is eligible.*

12 *(b) The insurer shall meet this requirement by either or both of*
13 *the following:*

14 *(1) Maintaining a toll-free telephone number available to*
15 *consumers in any geographic area in which the insurer is*
16 *authorized or approved to write business in California. Upon*
17 *request, the insurer shall provide the consumer with a cost*
18 *estimate, or shall refer the consumer to an insurer representative*
19 *or insurance broker-agent who shall, upon request, provide such*
20 *an estimate based upon information provided by the consumer. The*
21 *insurer shall make this toll-free number available to the consumer*
22 *by maintaining a listing in the toll-free telephone directory.*

1 (2) *Maintaining an Internet Web site where consumers can*
2 *obtain a cost estimate online, or be referred to an insurer*
3 *representative or insurance broker-agent who shall, upon request,*
4 *provide the cost estimate based upon information provided by the*
5 *consumer.*

6 (c) *Each insurer shall provide the toll-free number or the*
7 *Internet Web site address, or both, to the commissioner, who shall*
8 *make the information available on the department's Internet Web*
9 *site and through the department's consumer toll-free telephone*
10 *line.*

11 ~~added to Part 1 of Division 1 of the Insurance Code, to read:~~

12
13 ~~CHAPTER 12. — INSURER TOLL-FREE TELEPHONE NUMBER~~

14
15 ~~679.8.—(a) Every insurer licensed to sell residential property~~
16 ~~insurance, as described in Section 675, or personal auto insurance,~~
17 ~~as described in Section 660, shall maintain a toll-free telephone~~
18 ~~number available to consumers in the State of California. Each~~
19 ~~insurer shall provide this toll-free telephone number to the~~
20 ~~Department of Insurance and shall make this toll-free number~~
21 ~~available to the consumer by maintaining a listing in the toll-free~~
22 ~~telephone directory. The listing shall include the insurer's name~~
23 ~~and shall specifically mention homeowners and personal auto~~
24 ~~insurance sales.~~

25 ~~(b) Through this toll-free telephone number, the insurer shall~~
26 ~~do either of the following:~~

27 ~~(1) Provide the caller with a quote for the requested insurance~~
28 ~~coverage.~~

29 ~~(2) Refer the caller to an insurer representative, insurance~~
30 ~~agent, or insurance broker who will provide a quote for the~~
31 ~~requested coverage. The quote shall be provided no later than~~
32 ~~seven days from the initial contact.~~

33 ~~(c) If the consumer is not qualified to purchase insurance under~~
34 ~~the insurer's eligibility guidelines, the insurer shall provide this~~
35 ~~information to the consumer and provide the reason for the~~
36 ~~ineligibility.~~

37 ~~(d) Residential property insurers with direct written premiums~~
38 ~~of less than five hundred thousand dollars (\$500,000) for the~~
39 ~~homeowners line of business in the most recent complete calendar~~
40 ~~year are exempt from the requirements of this section.~~

1 ~~(c) A violation of this section is an unfair and deceptive act or~~
2 ~~practice in the business of insurance, and is subject to the penalty~~
3 ~~provisions established in Section 790.035 and the administrative~~
4 ~~process established in Article 6.5 (commencing with Section 790)~~
5 ~~of Chapter 1 of Part 2 of Division 1.~~

